VZCZCXRO1283
OO RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHPG #0367/01 1691005
ZNY CCCCC ZZH
O 171005Z JUN 08 ZDK
FM AMEMBASSY PRAGUE
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0408
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE IMMEDIATE
RUEHAH/AMEMBASSY ASHGABAT IMMEDIATE 0041
RUEHTA/AMEMBASSY ASTANA IMMEDIATE
RUEHMO/AMEMBASSY MOSCOW IMMEDIATE
RUEHSI/AMEMBASSY TBILISI IMMEDIATE 0109
RHEHNSC/NSC WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 PRAGUE 000367

SIPDIS

STATE FOR EUR/FO, EUR/NCE, EB/FO, EB/ESC

E.O. 12958: DECL: 06/16/2018 TAGS: <u>ENRG</u> <u>ECON</u> <u>PREL</u> <u>EZ</u>

SUBJECT: CZECHS ASKS FOR USG SUPPORT ON ENERGY SECURITY AND

PLEDGES ACTION ON GEORGIA-ABKHAZIA

REF: A. BRATISLAVA 274 ¶B. PRAGUE 340

Classified By: Acting Pol-Econ Counselor Martina Strong for reasons 1.4 B & D

11. (C) SUMMARY AND COMMENT: Deputy Assistant Secretary for Europe and Eurasia Matt Bryza's June 13 visit to Prague illuminated the Czech position on key oil pipelines in the region and secured Czech support for both restraining (in the immediate term) and supporting (in the medium and long term) Georgia on the conflict with Russia and Abkhazia. Pending support from France and Germany, the Czechs hope to hold an Energy Summit or a Troika Ministerial during their 2009 EU Presidency, inviting all Caspian energy and transit Czech strategic thinking on energy security and countries. Russia merits USG recognition and support. However, the method for soliciting USG action via direct messages to the President and the Vice President has come across as alarmist and thus far has proven ineffective because the Czechs have yet to articulate what it wants other than to describe the region's vulnerabilities. While Russian encroachment on the central European energy scene is real and detrimental, DAS Bryza's visit revealed that the Czech desire to prevent possible future Russian involvement in Slovakia's Transpetrol oil pipeline would be better described as strategically advantageous rather than critical given the Czech Republic is only partially dependent on Russian oil. On Georgia, the Czech MFA will engage Tbilisi in urging Georgia to refrain from issuing a statement calling for an immediate withdrawal of CIS troops from Abkhazia, which would sabotage planned direct talks between Georgia and Abkhazia. At the same time, the Czech Republic will reinforce efforts by the U.S. and other Allies to launch a new peace process for Abkhazia that Russia cannot veto. The Czech Republic intends to continue to play a constructive role in the region during its EU Presidency. END SUMMARY AND COMMENT.

ENERGY SECURITY

12. (C) First Deputy Foreign Minister Tomas Pojar opened his meeting with DAS Bryza by announcing that he had sent President Bush a "memo" asking for USG engagement on the Transpetrol oil pipeline issue. On the margins of the June 12 Afghan Conference in Paris, Pojar reportedly approached the U.S. Ambassador to France (formerly U.S. Ambassador to the Czech Republic) for help, explaining that Czech PM Topolanek's February 2008 meeting with Vice President Cheney and a subsequent non-paper on this issue had not yielded any results. Neither Post nor the Department has seen these documents and DAS Bryza assured DFM Pojar he will follow up when he returns to Washington.

- 13. (C) Per reftels, the Slovak government is currently in negotiations with Yukos Finance to buy back 49% of shares plus management control of the Transpetrol pipeline. The Czechs have been supportive of this buyback plan until recently, when they determined that Slovak PM Fico intended to handover Transpetrol to the Russians as part of the deal on a gas supply agreement. The Czechs now want their own oil pipeline company MERO to work out a joint venture with Transpetrol that would attract sweet Caspian oil via Ukraine's Odessa-Brody pipeline for delivery to Czech refineries. This would provide Czech refineries a second non-Russian option to receive sweet crude, in addition to the Trans-Alpine Pipeline (see para 4). Despite our inquiries, neither MERO nor the GOCR has contacted Yukos Finance directly since the revelation of the alleged information regarding PM Fico's intentions for Transpetrol.
- ¶4. (C) In addition to Transpetrol, the Czech non-paper to the OVP referred to the Trans-Alpine Pipeline, which delivers non-Russian oil from the Port of Trieste in Italy to the Ingolstadt (IKL) pipeline and onward to Czech refineries. As Czech Special Envoy for Energy Security Vaclav Bartuska reiterated to DAS Bryza, the Czechs are not looking for any special treatment but simply want a shot at joining TAP's eight-company consortium by purchasing the shares ExxonMobil seeks to sell. DAS Bryza offered to help Bartuska contact the Houston-based Exxon management responsible for international oil transportation.

GEORGIA-ABKHAZIA

PRAGUE 00000367 002 OF 002

15. (C) DFM Pojar asked DAS Bryza for the latest on the situation in Abkhazia, Georgia and offered to play a constructive role during the Czech EU Presidency. DAS Bryza welcomed the Czech offer and urged them not to wait until the EU Presidency and start immediately by joining the Baltic and other central European countries in: urging Georgia to refrain from demanding withdrawal of Russia's "CIS" peacekeeping force in Abkhazia; and by supporting our emerging effort to elicit a detailed peace plan from Tbilisi, press Russia to reverse recent provocative steps, and support a future international forum to support implementation of the Abkhazia peace plan and provide a forum for direct talks between the Abkhaz and Georgians. Pojar agreed to on this course of action. He further agreed to consider a possible Czech contribution to a joint Georgian-Abkhaz police fore with international overseers/trainers/mentors. DAS Bryza underscored that this step could prove decisive in launching a potentially promising negotiating process that was just emerging.

16. (U) DAS Bryza has cleared this cable.
Graber